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Perangsang Selangor's Operating Profit Leaps by 70% for the Third Quarter

- **Inaugural contribution from Toyoplas**
- **Strong turnaround in PAT on stronger earnings dynamics**

Shah Alam, Malaysia, 28 November 2019 – **Kumpulan Perangsang Selangor Berhad** (“Perangsang Selangor” or “the Company” or “the Group”, Bursa: 5843; Bloomberg: KUPS MK; Reuters: KPSB.KL) today reported solid third quarter financial results, having continuously embedded sustainability in its business strategy and implementations. As a result, the Group attained healthier financial position as demonstrated by a strong momentum in revenue and profitability.

Despite persistent global economic uncertainties and challenging operating environments in many sectors, on a more robust fundamentals, for the quarter ended 30 September 2019, the Group's revenue jumped by 65% YoY to RM252.9 million. Bottomline, the Group registered a sturdier profit after tax of RM8.1 million, rebounding from the loss position it recorded in the corresponding period last year.

HIGHLIGHTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

Manufacturing businesses posted a stellar 93% growth, contributing RM196.0 million to the Group's revenue, compared to RM101.5 million in the corresponding period last year.

Century Bond Bhd (“CBB”) posted a stable 11.6% growth in revenue of RM53.9 million on higher traction from the carton division. CPI (Penang) Sdn Bhd (“CPI”) maintained its influence, contributing revenue of RM44.3 million, growing 9.4% since the corresponding quarter last year with 84% of the revenue contributed by its engineering thermoplastic (“ETP”) business. King Koil Manufacturing West Inc. (“KKMW”) contributed the remaining revenue of RM23.9 million, growing 88.2% YoY on higher capacity utilisation and stronger sales to wider group of customers.

With regards to its manufacturing businesses, this quarter saw Perangsang Selangor chart new growth trajectory in its core investments in the manufacturing sector with the inaugural revenue contribution from Toyoplas Manufacturing (Malaysia) Sdn Bhd (“Toyoplas”). Toyoplas made its maiden contribution of RM73.9 million, driven mainly by the consumer electronics and industrial tools, operating out from its plants in China, Indonesia & Malaysia.

Further contribution to the Group's revenue was derived from the **trading** business with Aqua-Flo Sdn Bhd (“Aqua-Flo”), returning RM30.2 million, growing 7.1% from the RM28.2 million it contributed in the corresponding quarter last year. At RM30.2 million, Aqua-Flo contributed approximately 12% to the Group revenue.



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Supported by steady traction in the international royalty fee, the **licensing** business King Koil Licensing Company LLC (“KKLC”) contributed to the Group’s revenue RM8.3 million, turning in a slight revenue growth of 3.7% from the RM8.0 million it posted in the corresponding quarter last year. At RM8.3 million, KKLC contributed approximately 3% to the Group revenue.

The **infrastructure** division which is represented by KPS-HCM Sdn Bhd (“KPS-HCM”) and Smartpipe Technology Sdn Bhd (“Smartpipe”) contributed higher to the Group’s revenue as compared to that in the corresponding quarter last year. At RM15.1 million and RM0.9 million respectively, revenue contribution from KPS-HCM was higher given the additional construction works at the Pulau Indah Development Project, while that from Smartpipe was lower, affected by delayed commencement of pipe replacement projects by Air Selangor. Notwithstanding the aforesaid and having adjusted for inter-group sales, revenue from the infrastructure division closed at RM15.7 million, growing 14.6% YoY. The division’s contribution to the Group’s revenue this quarter is 6%.

The remaining revenue contribution of RM2.7 million, or approximately 1%, was mainly from property investment.

With a more vigorous contribution resulting from a wider earnings base from the Group’s manufacturing businesses which now include Toyoplas, the Group posted a commendable operating performance. As a result, Perangsang Selangor reported a solid growth of 71% at the operating level, posting RM18.3 million operating profit this quarter, as compared to RM10.7 million in the corresponding period a year ago.

With the new earnings dynamics post the exit of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (“SPLASH”), the Group made a complete turnaround from a loss position in the corresponding quarter last year, showing an impressive recovery in profitability.

Perangsang Selangor recorded RM4.5 million share-of-profit from associates this quarter, which was made up mostly of contribution from associate companies, NGC Energy Sdn Bhd and SPRINT. Further optimisation of the balance sheet has resulted in lower finance costs. With stronger earnings dynamics, the Group posted a healthy Profit Before Tax and Zakat of RM14.3 million. As a result, Perangsang Selangor made a strong turnaround and recorded a marked increase in Profit After Tax of RM8.1 million, as compared to a loss of RM272.5 million in the corresponding quarter in the previous year.

Perangsang Selangor’s Managing Director/Group Chief Executive Officer, Ahmad Fariz Hassan said:

“I am encouraged with our progress and results in the quarter. Despite the lingering macro-economic challenges in the global and operating environments, we have executed and performed well.

Our performance reflects the strength of the Group that is focussed on delivering our financial commitments while at the same time confident in enhancing the investment portfolio to ensure the sustainability of our business. For the third consecutive quarter, we have reported steady earnings momentum. The financial results are in line with our expectations, seeing the expansion in revenue and operating profits flowing through stronger in the second half.”



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HIGHLIGHTS FOR YEAR TO DATE ENDED 30 SEPTEMBER 2019

For the 9 months ended 30 September 2019, the Group posted a revenue of RM569.6 million, increased by 39% as compared to RM410.8 million it recorded in the corresponding period in 2018. Of the total revenue, the manufacturing sector grew by 65.6%, contributing RM411.4 million or 72% to the Group's revenue. The trading, infrastructure and licensing divisions remained significant, contributing RM82.6 million or 15%, RM40.0 million or 7%, and RM27.6 million or 5% to the Group's revenue, respectively. Property investments contributed for the remaining RM8.0 million or 1%.

The Group posted a stellar growth of 223.0% in its operating performance, registering operating profit of RM44.9 million, as compared to RM13.9 million in the corresponding period last year. This was attributed to the full nine-month contributions from CPI and KKMW and contribution from Toyoplas.

The Group's share of profit of associates made a strong turnaround from a loss position in the corresponding period last year. As opposed to share of loss of RM199.5 million previously, it registered a share of profit amounting to RM12.1 million year to date, giving rise to Profit Before Tax of RM31.3 million against Loss Before Tax of RM208.7 million. Adjusting for tax, the Group posted a healthy Profit After Tax and Zakat of RM15.3 million, staging a strong turnaround from a loss position of RM218.8 million last year.

"Perangsang Selangor has made tremendous progress on the recent strategic acquisition of Toyoplas, augmenting the earnings base and thus providing greater earnings visibility to the Group. With robust development plans in place for all our businesses, we are focussed on the continuum of the earnings momentum that we have been garnering thus far," Fariz commented briefly on the full year financial outlook for the Group.

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About Kumpulan Perangsang Selangor Berhad (www.perangsangselangor.com)

Incorporated on 11 August 1975, Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor" or "the Company" or "the Group") is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad under the Industrial Products & Services Sector. Perangsang Selangor has core investments in the Manufacturing sector, as well as businesses in the Trading, Licensing and Infrastructure sectors. While strengthening our business to optimise returns, Perangsang Selangor is committed to providing significant contributions towards sustainable development in the areas of economic, environment and social for the benefits of all stakeholders.

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